



GAO Technical Bulletin

Arizona Department of Administration ♦ General Accounting Office

Subject:	ARRA Accounting and Reporting	Issued:	12/23/11
Manual Section(s):	N/A	Effective:	12/23/11
Supersede(s):	Technical Bulletins Numbered 09-02, 09-03, 09-04, 10-01, 10-02, 10-05 and 11-03	Page:	1 of 26

TO: Technical Bulletin Administrators
ARRA Contacts
All Agencies

FROM: D. Clark Partridge
State Comptroller

AUTHORITY

A.R.S. § 35-101	Definitions
A.R.S. § 35-131	Accounting system; reports; notice of deficiency; forms
A.R.S. § 35-142.01	Reimbursement of appropriated funds; receipt and deposit
A.R.S. § 41-703	Duties of director
A.R.S. § 41-722	Powers and duties relating to finance
A.R.S. § 41-732	Powers and duties relating to general accounting activities
P.L. 111-5	American Recovery and Reinvestment Act of 2009
OMB Circular A-133	Audits of States, Local Governments, and Non-Profit Organizations
SAAM Section M	Federal Financial Assistance
TB 00-8	Reimbursement of Appropriated Funds
	U. S. Office of Management and Budget Memorandum M-09-18
	U. S. Office of Management and Budget Memorandum M-10-14
	U. S. Office of Management and Budget Memorandum M-10-34

DEFINITIONS

Administrative set-aside: An amount to be reserved by a prime recipient from its ARRA monies until it has paid its share of the costs of statewide ARRA administration. The prime recipient will be billed for this administrative set-aside by the GAO. Currently, the amount of the set-aside is one-half of one percent (0.5%) of the ARRA award.

AFIS: The Arizona Financial Information System. Arizona State Government's principal automated accounting system.

Agency: Any department, authority, board, commission, council, administration, court, registrar, office, institution, or other entity in the Executive, Legislative, or Judicial branch of Arizona State Government. In contexts that are directive in nature, the use of the term "agency" may imply that employee or those employees within the organization—such as the agency head, the CFO, the ARRA contact, etc.—responsible for carrying out the procedures under consideration.

Agency head: The chief executive officer of any agency.

ARRA: The American Recovery and Reinvestment Act of 2009; also commonly known as the Recovery Act.

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ARRA contact: The person or persons within an agency with overall responsibility for the coordination of the agency's ARRA activities and for communicating with the GAO concerning ARRA matters.

ARRA monies: Monies received, directly or indirectly, from the Federal Government under the provisions of ARRA.

Award: A sum of money given by one governmental entity to another in connection with a grant.

Award letter: A notification from a Federal agency advising a prime recipient of monies that will be awarded under a grant. The award letter should contain information such as the Federal awarding agency, the contract number, the amount of the award, the CFDA number, as well as an overview of the purpose, terms and conditions of the award.

AY: Appropriation year.

Bacon-Davis Act: A Federal law that requires paying prevailing wages and benefits to those who work on Federal public works projects.

Buy American Act: A Federal law that requires that, with respect to procurement, products made in the United States receive preferential treatment.

CCR: Central Contractor Registration; the primary registrant database for contractors providing goods or services to the Federal Government.

CFDA: Catalog of Federal Domestic Assistance; a detailed listing of all Federal assistance programs.

CFDA number: A unique number created in the CFDA database that tracks all domestically funded Federal assistance programs.

CFO: Chief financial officer; that person principally responsible for managing the accounting operations of an agency.

CGRS: Central Grants Reporting System; the secure, web-based software system used by the State of Arizona to enable centralized collection and reporting of ARRA activities. As of this writing, the CGRS package in use is Stimulus360. CGRS is accessed at <http://stimulus360.az.gov>.

Close out: The expression, in any grammatical form (e.g., the close-out, closing out, closed out, etc.) that relates to the entire suite of administrative, financial, operational, accounting, and reporting processes involved in discontinuing the activities related to a particular grant.

COBJ: Comptroller object; in governmental accounting, a code used to classify revenues and expenditures.

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D&B: Dun & Bradstreet; a commercial credit rating company.

Direct expenditure: An expenditure, such as payroll, made by an agency to support its operations.

Disbursement: Any payout of funds by an agency; disbursements may include expenditures and transfers-out.

Due Date: The date by which agencies must have entered their ARRA information into CGRS. This date is the 6th calendar day of each Reporting Month.

DUNS number: Data Universal Numbering System number; a nine-digit identification number—unique to an entity, its location, one of its divisions, etc.—provided by Dun & Bradstreet.

E-business point of contact: The person within an agency with responsibility for registering with the Federal government concerning ARRA matters.

Employee: Any full- or part-time individual being paid under the authority of any payroll system of the Government of the State of Arizona or any public officer, deputy, board or commission member.

Entity: Any individual, partnership, corporation or unit of government that can engage in any form of economic activity.

Federal grant: An award of financial assistance, including cooperative agreements, in the form of money, or property in lieu of money, from the Federal government, either directly or indirectly to an eligible grantee.

Federal grantor: That agency of the Federal government responsible for administering, and possibly funding, a Federal grant.

Federal Reporting Website: The Federal government's web-based system—to be found at <https://www.federalreporting.gov>—for registering recipients of and collecting data related to awards under Section 1512.

Final report: The expression, in any grammatical form, whether used independently or in combination with another term (e.g., final Section 1512 reporting, final ARRA reporting, etc.), used to refer to the reporting aspects of closing out a grant.

FRPIN: Federal Reporting Personal Identification Number; an identification number issued through the Federal Reporting Website to an e-business point of contact.

GAN: Grant Adjustment Notice; any written communication between a Federal grantor and a grantee amending any of the original or preceding terms of the grant.

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GAO: General Accounting Office; a division of the Arizona Department of Administration.

GAO-614: A form (Companion Transaction Entry/Transfer) used to effect and record transfers between agencies.

GAO-PM-29: A grant control profile (Grant Number Control) form used to establish or change a grant phase profile in AFIS.

GAO-PM-D47: A grant number profile form (Grant Number Profile) used to establish or change a grant number in AFIS.

Grant: A sum of money given by one governmental entity to some other entity for the purpose of achieving some goal or supporting some program.

Grant end date: The date upon which, under the terms of a grant, the last expenditure or obligation of funds may occur.

Grant type: In AFIS, a code that identifies the origin and disposition of a grant. Three grant types are involved in the administration of ARRA monies: grant type 11, which is used to account for Section 1512 reportable monies to be used by an agency in its capacity as a prime recipient; grant type 12, identifying situations in which the recipient is acting as a pass-through entity with respect to Section 1512 reportable monies; and, grant type 13, which is employed to distinguish grant proceeds not subject to Section 1512 reporting.

Grantee: Any recipient of Federal grant monies.

He/him/his: For brevity and clarity, masculine singular pronouns are consistently used in reference to a person and occasionally used where the context would support reference to either a person or some other entity that might perform a given action. Feminine, neuter (i.e., without gender) or plural pronouns, as appropriate, may be substituted.

Index: The index is a five-digit number defined by agencies and used in AFIS to infer the agencies' organizational structure.

Internal transaction: One of a class of transactions that do not increase or decrease monetary amounts and that are not captured for Section 1512 reporting; such transactions include, for example, entries correcting the use of COBJs.

Matching funds: A term used to describe the requirement or condition that some minimal amount of money or services-in-kind originate from the beneficiary of a grant. In the context of this technical bulletin, this term defines an arrangement under which, to qualify for Federal monies, a State agency must spend a stipulated quantity of money or exert a specified amount of effort.

Offline: A term applied to certain agencies and the state universities which do not account for their grant related activities in AFIS. The term non-AFIS-recorded extends to, among others, the Arizona Department of Education and the Arizona Department of Transportation.

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OMB: The United States Office of Management and Budget.

Online: A term applied to those agencies that account for their grant related activities in AFIS.

OSPB: The Governor's Office of Strategic Planning and Budgeting.

OSPB analyst: An employee within OSPB responsible for coordinating with an agency on fiscal, budgetary and operational matters.

Pass-through entity: A State agency that initially receives ARRA grant monies from another State agency, rather than directly from the Federal Government. For reporting purposes, a pass-through entity may be considered a prime recipient.

PCA: Program cost account. The PCA is a five-digit number, defined by agencies and used in AFIS, which is used to infer the agencies' program structure.

PDF: Portable document format; an electronic file format used for the exchange of document images.

Prime recipient: The primary awardee or legal entity receiving a grant, contract, or cooperative agreement. A prime recipient may expend funds in support of its own programs or act as a pass-through entity, disbursing grant monies to another agency within the same governmental structure.

Profile: In AFIS, a table storing a collection of attributes defining how certain transactions are to be processed and recorded.

Project: A particular activity or undertaking, limited by time or availability of funds, conducted or completed in satisfaction of the conditions of a grant.

Recipient: A non-Federal entity (a for-profit organization, not-for-profit organization, or governmental entity) that expends awards received directly from the Federal Government (including ARRA funds received through grant, loan or contract) to carry out a Federal program, other than an individual who is the beneficiary of such program; the term "recipient" includes a state government or state agency that receives ARRA funds.

Reportable: A term referring to monies received under ARRA and used in programs or for purposes that have specific reporting requirements under the provisions of Section 1512. A list of such programs is contained in *OMB Memorandum M-09-21, Supplement 1: List of Programs Subject to ARRA Section 1512 Recipient Reporting*, which can be found at OMB website at http://www.whitehouse.gov/omb/recovery_default.

Reporting Date: This is the date upon which ARRA information is due to the Federal Government. This date is the 10th day of the month following the calendar quarter in which any

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ARRA activity occurred. ARRA activity includes the receipt of an award letter of a grant involving ARRA funds as well as the receipt, expenditure or pass-through of ARRA monies.

Reporting Month: A Reporting Month is the month following a Report Quarter. The Reporting Months are April, July, October and January.

Report Quarter: A Report Quarter is a calendar quarter in which any ARRA activity has taken place. There are four Reporting Quarters throughout the year: January through March; April through June; July through September; and, October through December.

Section 1512: That portion of ARRA that deals with recipient reporting on the receipt and expenditure of ARRA monies.

Statewide Cost Allocation Plan: A method of computing statewide indirect administrative costs to be charged to Federal programs.

Subrecipient: A non-federal entity (a for-profit organization, not-for-profit organization, or a governmental entity) that expends Federal awards received from another entity to carry out a Federal program, but does not include an individual that is a beneficiary of such program. Specifically, subrecipients are entities—other than Federal or State governmental entities—that are awarded ARRA funding through a legal instrument from the prime recipient to support the performance of any portion of the substantive project or program for which the prime recipient received the ARRA funding. Additionally, the terms and conditions of the Federal award are carried forward to the subrecipient.

A subrecipient:

- Has its performance measured against whether the objectives of the Federal program are met.
- Determines who is eligible to receive what federal financial assistance.
- Has responsibility for adherence to applicable Federal program compliance requirements.
- Carries out a program of the organization as compared to providing goods or services for a prime recipient.

For the purposes of this technical bulletin, all of the above attributes are, unless otherwise stipulated, to be considered in the context of directly supporting an ARRA project or activity.

TC: Transaction Code. A code required for recording financial transactions in AFIS.

Vendor: Unless otherwise specified, a vendor, as the term is to be construed in this technical bulletin, is responsible for providing goods or services necessary to conduct an ARRA project, but is not responsible for the results of the project. It is important to realize that the term vendor as generally used herein has a more specific and narrow definition—one related to providing goods or services in support of an ARRA project—than its broader use.

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A vendor:

- Provides the goods and services within normal business operations.
- Provides similar goods or services to many different purchasers.
- Operates in a competitive environment (i.e., competes with others who can provide a similar service).
- Provides goods or services that are ancillary to the operation of the Federal program.
- Is not subject to the compliance requirements of the Federal program.

For the purposes of this technical bulletin, all of the above attributes are, unless otherwise stipulated, to be considered in the context of directly supporting an ARRA project or activity.

BACKGROUND AND INTRODUCTION

The American Recovery and Reinvestment Act of 2009 was enacted to—through the injection of hundreds of billions of dollars into the national economy—create and preserve jobs, promote economic recovery, help stabilize State and local government budgets, provide investments needed to increase economic efficiency and invest in infrastructure. With so much at stake, the ARRA provides for unprecedented levels of transparency and accountability, so that taxpayers will be able to know how, when, and where tax dollars are being spent.

The objective of this technical bulletin is to provide guidance to agencies with respect to their role in helping the State meet its accounting and reporting obligations under Federal law. In meeting this objective, this technical bulletin: 1) consolidates much of the previously issued policy and procedure into a single policy statement, superseding Technical Bulletins Numbered 09-02, 09-03, 09-04, 10-01, 10-02, 10-05 and 11-03; 2) replaces policies and procedures that are no longer relevant; 3) issues additional policies and procedures necessary to meet the accounting and reporting requirements mandated by Federal law, and; 4) outlines the expanded role of the GAO in processes and procedures related to ARRA accounting and reporting. While this technical bulletin to a limited extent deals with CGRS, the State's grant reporting system, it is not—and is not intended to be—a tutorial on that system.

Though this technical bulletin deals extensively with adherence to the reporting requirements established by ARRA Section 1512, its provisions extend beyond this limited scope. Topics such as appropriate internal controls and compliance with Federal laws not typically applying to the administration of Federal grants are also covered. Moreover, even those entities, such as the Arizona Health Care Cost Containment System, to which the provisions of ARRA Section 1512 may not apply, are subject to the provisions of this technical bulletin.

In some ways, this technical bulletin is organized differently from many of its predecessors. The ongoing—and somewhat challenging—process of accounting for and reporting upon the administration of ARRA monies suggests that agencies and their personnel would benefit from certain guidance being presented in the context of the roles they play in the process. Also, it appears that compliance with policy is inextricably intertwined with the procedures required for

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compliance. Thus, except for a section dealing with statewide roles and universal responsibilities, this technical bulletin is organized by the roles that may be played by the agency and its personnel (primary recipient, pass-through entity, etc.) and then by the processes that are to be undertaken (grant establishment, data collection, etc.) in fulfillment of those roles. Moreover, sets of detailed procedures are set forth for online agencies that differ from those that apply to offline agencies. Within this overarching organization, policies and procedures are combined rather than presented separately. This approach results in some amount of duplication which, it is to be hoped, is more than offset by efficiency of use, clarity and completeness.

POLICIES AND PROCEDURES

1. Policies and Procedures Applicable to All Recipients of ARRA monies.

- a. The State of Arizona has elected the centralized reporting method of the receipt and expenditure of ARRA monies.
- b. All agencies receiving ARRA monies, by whatever means or from whatever source, are subject to the provisions of this technical bulletin to the extent they may apply.
- c. Agencies may receive ARRA funding in one of two ways:
 - i. By directly requesting money under ARRA. The receipt and expenditure of such monies are generally Section 1512 reportable and are subject to the provisions of this technical bulletin dealing with reportable monies.
 - ii. By receiving ARRA monies automatically, without application, as is the case with certain monies intended to fund additional unemployment benefits. The receipt and expenditure of such monies may not be reportable under Section 1512 but are, nonetheless, subject to the provisions of this technical bulletin as they may apply.
- d. The GAO has been charged by the Governor's Office with the overall administration of ARRA in the State of Arizona and Section 1512 reporting. All agencies must adhere to GAO policies, procedures and requirements for ARRA reporting and grant administration.
- e. CFOs must coordinate with their ARRA contacts with respect to the receipt and disbursement of ARRA monies and meeting any accounting and reporting requirements related to ARRA.
- f. As with all Federal monies, appropriate agency personnel—such as CFOs or ARRA contacts—are responsible for familiarizing themselves and complying with all applicable Federal and State laws, regulations, policies, procedures, and requirements related to ARRA monies.

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- g. All agencies receiving monies from the Federal government, or another entity by grant or contract, must ascertain whether such monies are in whole or in part ARRA monies.
 - i. Agencies must ensure all ARRA monies are clearly distinguishable from non-ARRA monies in all agency financial, accounting, business and reporting systems.
 - ii. Any agency receiving ARRA monies must account for such monies separately from all other monies—including other Federal grant monies—it receives, transfers, expends or otherwise administers.
 - iii. To support reporting requirements, agencies need to have the appropriate contract, grant or loan number recorded on any obligation, expenditure, and other transaction entry or document in their financial system.
- h. To ensure proper coordination and compliance, if any agency is anticipating direct or indirect receipt of any ARRA monies, the agency must notify its OSPB analyst and the GAO prior to entering into any contract or agreement involving the receipt, transfer or expenditure of ARRA monies.
- i. A State agency that receives money from a non-State of Arizona entity or non-Federal entity as a subrecipient is to adhere to the reporting instruction given by its prime recipient.
- j. Every agency involved in the receipt or expenditure of public monies is responsible for establishing and maintaining an appropriate system of internal controls to assure such monies are appropriately safeguarded, spent, reported upon, and accounted for in compliance with all pertinent laws and regulations.
 - i. To that end, agencies must review their internal control policies and procedures, particularly as they may apply to the processes listed immediately below:
 - 1) The receipt or expenditure of ARRA monies.
 - 2) Accounting for the receipt or expenditure of ARRA monies.
 - 3) Procurement and purchasing activities involving ARRA monies.
 - 4) The execution or award of contracts involving ARRA monies.
 - 5) The administration of grants involving ARRA monies.
 - 6) Complying with the reporting requirements for ARRA monies.

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- ii. Consistent with Federal guidance for risk mitigation, agency internal control policies and procedures must address the following:
 - 1) Ensuring that qualified personnel oversee the administration of ARRA monies.
 - 2) The appropriate competition of awards.
 - 3) The timely sub-award of ARRA monies.
 - 4) The timely expenditure of ARRA monies.
 - 5) The minimization of cost overruns.
 - 6) The minimization of improper payments.
 - 7) The proper monitoring of subrecipients and vendors. Monitoring is to be accomplished using either of the two tools developed by the Association of Government Accountants' Partnership for Intergovernmental Management and Accountability (developed in cooperation with the OMB), listed below, or their equivalents, found under the GAO Website's Quick Links at www.gao.gov:
 - a) The Risk Assessment Monitoring Tool, or
 - b) The Financial and Administrative Monitoring Tool.
 - 8) The conduct of audits and investigations into the use of ARRA monies to identify and prevent wasteful spending and minimize waste, fraud and abuse.
- iii. Agency management and personnel charged with the administration of ARRA monies must, moreover, familiarize themselves and enforce compliance with certain legal requirements that may not apply to other grants to which they may be more accustomed, including, but not limited to:
 - 1) The Bacon-Davis Act.
 - 2) The Buy American Act.
- iv. The review of internal control policies and procedures related to the administration of ARRA monies must be documented and such documentation must be retained for potential audit.
- k. Copies of certain documents involved in the administration of ARRA monies must be submitted to the GAO within five (5) business days of, as appropriate, execution, receipt or amendment:

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- i. Any application made to the Federal government or a prime recipient of the Federal government for an award of ARRA monies.
 - ii. Any award letter received that involves ARRA monies.
 - iii. Any supplemental or additional ARRA award letters received.
 - iv. Any document from the Federal government relating to the close-out, termination, full expenditure, completion, or discontinuance of an ARRA grant.
- l. Except as may be otherwise specifically directed, copies of documents that are required to be submitted to the GAO, such as award letters, grant applications, etc., are to be submitted:
 - 1) If possible, as an email attachment (in some electronic format, preferable PDF) forwarded to federalgrants@azdoa.gov.
 - 2) Otherwise, by facsimile transmission to 602.542.7066.
- m. When submitting the copy of the first application for an ARRA award, the agency should communicate the agency's nominee or nominees for ARRA agency contact to the GAO.
 - i. The GAO will respond by granting access to CGRS to the nominee or nominees appointed as agency ARRA contacts.
 - ii. The GAO will provide the appointed agency ARRA contact or contacts by email with user names and passwords.
- n. In order to apply for ARRA monies, an agency must have a DUNS number and an e-business point of contact; in order to be awarded ARRA monies, an agency must also have an FRPIN. If an agency needs a DUNS number or needs to register with the CCR, the Federal Reporting Website or both, it should follow, as required, the steps outlined below.
 - i. A DUNS number can be acquired from Dun & Bradstreet by filling in the required information at the D&B website at www.dnb.com under the option that applies to registration with the Federal government for contracts and grants.
 - 1) Before applying for a new DUNS number, an agency ARRA contact is to check with agency management to determine whether the agency already has a DUNS number. In general, if an agency already possesses a DUNS number, that number should be used in connection with ARRA accounting and reporting.

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- 2) In general, an agency's possession of more than one DUNS number should be avoided. The use of multiple DUNS numbers by agencies complicates and increases the cost of statewide reporting.
- ii. An e-business point of contact is acquired by following the directions for starting a new registration at the CCR at www.ccr.gov.
 - 1) Registration with the CCR and the establishment of an e-business point of contact are required of both prime recipients and subrecipients.
 - 2) A DUNS number is required before an entity can register with the CCR or have an e-business point of contact established.
 - 3) The CCR registration must be renewed and validated:
 - a) Within twelve months of the last registration and renewal, and
 - b) Whenever there is a change in any relevant information about the registrant or the registrant's e-business point of contact.
- iii. An FRPIN is acquired by registration with the Federal Reporting Website at www.federalreporting.gov.
 - 1) Before registration, an agency must request and receive the written approval of the GAO.
 - 2) Registration with the Federal Reporting Website is required both of prime recipients and subrecipients.
 - 3) A DUNS number is required before an entity can register with the Federal Reporting Website.
 - 4) Registration with the CCR is required before an entity can register with the Federal Reporting Website.
- o. ARRA requires extensive and timely reporting from prime recipients.
 - i. A pass-through entity is, for purposes of this technical bulletin, a prime recipient and subject to Section 1512 reporting requirements.
 - ii. A subrecipient is not subject to these reporting requirements.
 - iii. A vendor is not subject to these reporting requirements.

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- iv. The OMB has made it known that grant recipients that are negligent with respect to reporting requirements may be subject to termination of current funding or disqualification for future funding.
- p. ARRA reporting requirements are in addition to, not in lieu of, any other Federal or State reporting requirements that may exist.
- q. Agencies are required to utilize CGRS when reporting ARRA activities with respect to which they are either a prime recipient or a pass-through entity.
 - i. To log in to CGRS, the agency's ARRA contact should log in to the system at <http://stimulus360.az.gov> using the user name assigned by the GAO.
 - ii. The actual log in screen as of this writing will read "Microsoft Dynamics CRM."
- r. Certain programs may be funded by a combination of ARRA monies and non-ARRA monies, as is the case with matching funds. In such cases:
 - i. ARRA monies are to be segregated from non-ARRA monies.
 - ii. Only ARRA monies are to be considered for Section 1512 and CGRS financial reporting.
 - iii. For online agencies, this means that either:
 - 1) Separate transactions or line items must be used to record the receipt and expenditure of ARRA monies and matching funds, or
 - 2) Appropriate adjusting entries must be made before each month's closing to recategorize combined receipts and expenditures into separate ARRA and non-ARRA accounts.
 - iv. For offline agencies, this means that the data collected, forwarded to the GAO, and/or entered into CGRS, should include only ARRA monies.
- s. Federal agencies may instruct recipients that ARRA monies can be used in conjunction with other funding as necessary to complete projects. Nonetheless, ARRA monies must be reported separately from those originating from any other fund source.
- t. Any exception to an applicable provision of this policy requires the express written approval of the GAO.
- u. As applicable, all financial data submitted to the GAO and/or entered into CGRS must be:

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- i. Validated as containing all relevant ARRA financial data and nothing but ARRA financial data.
- ii. Reconciled to the amounts that have been posted to the AFIS and/or the reporting entity's books of account.
- v. Prime recipients and pass-through entities must assure that subrecipients cooperate in collecting vendor data in a timely manner to support Section 1512 reporting. This means that prime recipients and pass-through entities are responsible for collecting subrecipient and vendor data earlier enough to be able to provide all required ARRA data by the reporting due date (the 6th calendar day of each reporting month).
- w. For the purposes of statewide ARRA administration, the State's universities are to be considered as agencies and prime recipients.

2. **Policies and Procedures for Section 1512 Reportable Monies.**

- a. Policies and Procedures for Prime Recipients and Pass-through Entities
 - i. Policies and Procedures for Section 1512 Reportable Monies Received by Prime Recipients and Pass-through Entities
 - 1) Except in the case of a university, a prime recipient of an ARRA award of Section 1512 reportable monies must reserve, as an administrative set-aside, one-half of one percent (0.5%) of its ARRA award until it has paid its share of the costs of statewide ARRA administration.
 - a) A prime recipient will be billed by the GAO for this administrative set-aside, which will be utilized in accordance with the State's Statewide Cost Allocation Plan.
 - b) Remittance is to be made by interagency transfer using the GAO-614 as a transfer document.
 - i) The agency is the transferor and shall record the transfer-out using TC 410 and COBJ 9017.
 - ii) The Governor's Accounting Office is the transferee and shall record the transfer-in using TC 407 and COBJ 4357.
 - 2) Agencies that are not the direct, prime recipient of monies (i.e., they are pass-through entities or subrecipients) are not subject to the administrative set-aside.

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- 3) The administrative set-aside is separate from and in addition to any other negotiated cost plan and does not reduce any previously negotiated indirect cost rates, except for those cases in which administrative caps apply.
 - 4) In addition to the administrative set-aside, agencies should continue to appropriately budget for and charge administrative costs to their ARRA grants consistent with pre-existing approved administrative costs or allocation plans.
 - 5) An agency in its capacity as prime recipient should not register at the Federal Reporting Website or request a FRPIN without the prior written approval of the GAO.
 - 6) The e-business point of contact is the sole individual in an agency responsible for the registration of his agency with the Federal Reporting Website and for the acquisition of agency FRPINs.
- ii. Policies and Procedures Applicable Only to Online Prime Recipients and Pass-through Entities
- 1) Grant setup and related matters
 - a) The agency must submit the following forms and documents by email to federalgrants@azdoa.gov or by fax to 602.542.7066:
 - i) A completed form GAO-D23 (Agency Fund Authorization Form) using Federal Economic Recovery Fund 2999. The use of Fund 2999 is necessary to enable the correct statewide administration of and reporting upon ARRA monies.
 - ii) A completed form GAO-PM-D47 using:
 - (1) In the case of prime recipients, grant type 11.
 - (2) In the case of pass-through entities, grant type 12.
 - (a) The State project ID, as defined immediately below, under which the prime recipient is providing the ARRA monies must be entered into the "Manager" field of the form GAO-PM-47.
 - (b) The State project ID is composed of two segments:
 - (i) The first segment comprised of the three-letter AFIS agency code.
 - (ii) The second segment comprised of the AFIS grant number.

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- iii) A completed form GAO-PM-29 to establish one or more new phases for the grant established above.
 - iv) A copy of the governing contract, ISA, or award letter.
 - b) All grant phases associated with an ARRA grant are to be used only to record ARRA activities.
 - i) A new grant is to be established for non-ARRA monies that are associated with ARRA monies, as is the case in matching funds arrangements.
 - ii) Transactions that involve comingled ARRA and non-ARRA monies must be appropriately recorded:
 - (1) Either transactions using the appropriate fund numbers and grant-phase combinations must be entered on separate documents or line numbers, or
 - (2) Adjusting entries must be made before each month's closing to recategorize combined receipts and expenditures into separate ARRA and non-ARRA accounts.
 - c) Agencies that include Fund 2999 in AFIS cost allocation profiles will be required to provide additional vendor information for related transactions in CGRS. Please contact the GAO for assistance.
 - d) In the case of a prime recipient:
 - i) Once the grant has been established in AFIS by the GAO, the grant information plus information from the award letter will be used to establish the grant in CGRS.
 - ii) Once the grant has been established in CGRS, the GAO will notify the agency ARRA contact of that fact by email.
 - (1) The GAO's email to the agency ARRA contact will indicate whether any additional information is required.
 - (2) The agency ARRA contact, after receipt of the GAO's email, must provide any requested information to the GAO as soon as practicable.
 - (3) After the grant has been established in CGRS, the agency ARRA contact is responsible for reviewing the entries on CGRS for completeness and accuracy.
- 2) Receipts of ARRA grant monies

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- a) ARRA grant revenues, to be recorded by prime recipients, shall be:
 - i) Recorded using AFIS COBJ 4215, Federal Stimulus Revenue.
 - ii) Associated with a PCA/Index that looks up the appropriate ARRA grant and phase.
 - iii) Accounted for using Fund 2999.
- b) ARRA grant transfers-in, to be recorded by a pass-through entity, shall:
 - i) Except in the case of universities:
 - (1) Use the form GAO-614 as a transfer document.
 - (2) Be reported using the AFIS COBJ 4915, Federal Stimulus—Transfers In.
 - (3) Have the vendor number field of the form GAO-614 left blank.
 - (4) Be coded to a PCA/Index that looks up the ARRA grant and phase as well as Fund 2999.
 - (5) Have “ARRA” written at the top of the form GAO-614 transfer document.
 - (6) Be submitted to the GAO for processing.
 - ii) Transfers-in to universities are to be effected by warrant.
- 3) Disbursements of ARRA grant monies
 - a) ARRA grant expenditures by prime recipients can be of three types: direct expenditures of the prime recipient, such as payroll expenditures; expenditures to vendors performing services or providing goods under an ARRA grant; and expenditures to subrecipients. ARRA grant expenditures by prime recipients shall:
 - i) Be associated with a PCA/Index that looks up the appropriate ARRA grant and phase.
 - ii) Be accounted for using Fund 2999.
 - iii) If representing an expenditure to a subrecipient:

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- (1) Be reported upon using AFIS COBJs 6811 through 6841.
- (2) Include the appropriate subrecipient's vendor number on all forms and entries related to the underlying expenditure.
- iv) If representing an expenditure to a vendor:
 - (1) Be reported upon using the appropriate AFIS COBJ.
 - (2) Include the appropriate vendor number on all forms and entries related to the underlying expenditure.
- v) If representing a direct expenditure of the prime recipient:
 - (1) Be reported upon using the appropriate AFIS COBJ.
 - (2) Not include a vendor number on any forms or entries related to the underlying expenditure.
- vi) Any transaction or document not including a vendor number will, for reporting purposes, be treated as an internal transaction or direct expenditure of the prime recipient and, consequently, not recorded for Section 1512 reporting.
- b) ARRA grant transfers-out shall:
 - i) Except when made to universities:
 - (1) Use the form GAO-614 as a transfer document.
 - (2) Be reported using the AFIS COBJ 9115, Federal Stimulus Transfers Out.
 - (3) Have the vendor number field of the form GAO-614 left blank.
 - (4) Be coded to a PCA/Index that looks up the ARRA grant and phase as well as Fund 2999.
 - (5) Have "ARRA" written at the top of the form GAO-614 transfer document.
 - (6) Be submitted to the GAO for processing.
 - ii) In the case of universities, be effected by warrant.
- 4) Data Collection and Reporting

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a) To support initial Section 1512 reporting, ARRA information must be entered into CGRS.

i) In the case of a prime recipient:

- (1) The GAO will interface most financial data from AFIS into CGRS.
- (2) Most operational information—such as program data, quarterly activity, job-related information, project status, etc.—must be entered into CGRS by the agency ARRA contact not later than the due date (the 6th calendar day of each reporting quarter).
- (3) For each quarter, after the agency has entered its information into CGRS, it must indicate that it has done so by taking the appropriate action. (Under the current system, the appropriate action is selecting the “Yes” radio button in response to the “QA Approved by Agency” prompt and entering the respondent’s name in the “QA Approved by” field on the “1512 Update Report: Information” screen.)
- (4) Once an agency has entered the requisite information into CGRS, the GAO will notify the agency ARRA contact of any noted errors or omissions.
- (5) The GAO notifies agency ARRA contacts when the Federal government has accepted their agencies’ initial Section 1512 reports.

ii) In the case of a pass-through:

- (1) The GAO will interface most financial data into CGRS.
- (2) Operation information—such as program data, quarterly activity, job-related information, project status, etc.—must be provided to the prime recipient not later than the due date (the 6th calendar day of each reporting quarter).

b) After the initial Section 1512 reports have been submitted to the Federal government, any request to make changes to initially submitted reports will be communicated by the GAO to the agency ARRA contact.

i) Requested changes will be made in CGRS by the agency ARRA contact as quickly as practicable.

ii) The GAO will submit a revised report incorporating the agency’s changes to <https://www.federalreporting.gov>.

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c) Agencies that may have used procedures other than those outlined herein to record ARRA monies will need to make appropriate corrections. Please contact the GAO for assistance.

5) Grant close outs

a) Only prime recipients are involved in closing out grants.

b) When an ARRA grant has been fully expended or has expired, it must be closed out.

c) The appropriate close-out of an ARRA grant involves three steps:

i) The agency ARRA contact must log into CGRS and indicate, by checking the appropriate boxes, that:

(1) The information being entered or that has been most recently entered is a final report, and

(2) The grant project has been fully completed.

ii) An email is to be sent to the GAO indicating that the ARRA grant is being closed out and that the appropriate entries have been made in CGRS indicating that fact.

iii) The effective end date entered into AFIS' D-47 screen must be the same date used as an end date in CGRS.

iv) Whatever additional processes the agency normally undertakes to close out a grant.

d) Once a recipient has complied with its reporting requirements, Section 1512 reporting may be discontinued when:

i) Either

(1) The award period has ended; and

(2) All ARRA funds have been received and the project has been completed.

ii) Or the award has been terminated or canceled.

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iii. Policies and Procedures Applicable Only to Offline Prime Recipients and Pass-through Entities

1) Grant setup and related matters

a) The agency must submit the following forms and documents by email to federalgrants@azdoa.gov or by fax to 602.542.7066:

i) A copy of the governing contract, ISA, or award letter.

ii) A statement to the effect that the sending entity is an offline agency.

2) Receipts of ARRA grant revenues

a) ARRA grant revenues shall be:

i) Except in the case of universities

(1) Recorded using AFIS COBJ 4215, Federal Stimulus Revenue.

(2) Accounted for using Fund 2999.

ii) In the case of universities, ARRA grant revenues shall be appropriately identified and segregated from other revenues so as to allow for proper reporting and verification.

b) ARRA grant transfers-in, which do not apply to prime recipients, shall:

i) Except in the case of universities:

(1) Use the form GAO-614 as a transfer document.

(2) Be reported using the AFIS COBJ 4915, Federal Stimulus—Transfers In.

(3) Have the vendor number field of the form GAO-614 left blank.

(4) Be coded to a PCA/Index that looks up the ARRA grant and phase as well as Fund 2999.

(5) Have “ARRA” written at the top of the form GAO-614 transfer document.

(6) Be submitted to the GAO for processing.

ii) Transfers-in to universities are to be effected by warrant.

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3) Disbursement of ARRA grant monies

a) Except in the case of universities:

- i) ARRA grant expenditures by prime recipients can be of three types: direct expenditures of the prime recipient, such as payroll expenditures; expenditures to vendors performing services or providing goods under an ARRA grant; and expenditures to subrecipients. ARRA grant expenditures by prime recipients shall be appropriately identified and segregated from other expenditures to allow for proper reporting and verification.

(1) If representing an expenditure to a subrecipient:

- (a) Be reported upon using AFIS COBJs 6811 through 6841.
- (b) Include the appropriate subrecipient's vendor number on all forms and entries related to the underlying expenditure.

(2) If representing an expenditure to a vendor:

- (a) Be reported upon using the appropriate AFIS COBJ.
- (b) Include the appropriate vendor number on all forms and entries related to the underlying expenditure.

(3) If representing a direct expenditure of the prime recipient:

- (a) Be reported upon using the appropriate AFIS COBJ.
- (b) Not include a vendor number on any forms or entries related to the underlying expenditure.

- (4) Any transaction or document not including a vendor number will, for reporting purposes, be treated as a direct expenditure of the prime recipient and, consequently, not recorded for Section 1512 reporting.

- ii) In the case of universities ARRA grant revenues shall be appropriately identified and segregated from other revenues so as to allow for proper reporting and verification.

b) ARRA grant transfers-out shall:

- i) Except in the case of universities:

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- (1) Use the form GAO-614 as a transfer document.
 - (2) Be reported using AFIS COBJ 9115, Federal Stimulus Transfers Out.
 - (3) Have the vendor number field of the form GAO-614 left blank.
 - (4) Be coded to a PCA/Index that looks up the ARRA grant and phase as well as Fund 2999.
 - (5) Have “ARRA” written at the top of the form GAO-614 transfer document.
 - (6) Be submitted to the GAO for processing.
- ii) In the case of universities, be effected by warrant.
- 4) Data Collection and Reporting
- a) To support initial Section 1512 reporting, ARRA information must be entered into CGRS.
 - i) Before the end of each calendar quarter, the GAO will distribute ARRA data collection templates to all offline agencies and the universities.
 - ii) Each offline agency and university will complete its data collection template and return it as directed by the GAO by the due date (the 6th calendar day of each reporting quarter).
 - iii) Most operational information—such as program data, quarterly activity, job-related information, project status, etc.—must, not later than the due date (the 6th calendar day of each reporting quarter), either be:
 - (1) Entered into CGRS by the agency ARRA contact, or
 - (2) Submitted with the data collection template.
 - iv) After the agency has entered its information into CGRS, it must indicate that it has done so by taking the appropriate action. (Under the current system, the appropriate action is selecting the “Yes” radio button in response to the “QA Approved by Agency” prompt and entering the respondent’s name in the “QA Approved by” field on the “1512 Update Report: Information” screen.)
 - v) Once an agency has entered the requisite information into CGRS, the GAO will notify the agency ARRA contact of any noted errors or omissions.

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- vi) The GAO notifies agency ARRA contacts when the Federal government has accepted their agencies' initial Section 1512 reports.
 - b) For each quarter, after the initial Section 1512 reports have been submitted to the Federal government, any request to make changes to initially submitted reports will be communicated by the GAO to the agency ARRA contact.
 - i) Requested changes will be made in CGRS by the agency ARRA contact as quickly as practicable.
 - ii) The GAO will submit a revised report incorporating the agency's changes to <https://www.federalreporting.gov>.
 - c) All data is to be collected and reported upon on a calendar quarter basis.
- 5) Grant close-out
- a) Prime recipients are responsible for closing out grants and filing Final Section 1512 Reports as well as complying with the policies and procedures contained herein. Specifically, agency management, through its designated ARRA contact or contacts, is responsible for exercising due diligence in the proper close out and accurate final reporting related to ARRA grants.
 - b) An ARRA grant should be closed out and final reporting accomplished when an ARRA grant is considered complete.
 - c) Under ARRA, a grant is considered complete when all of the following requirements are met:
 - i) All ARRA funds associated with the award at the prime recipient level have been expended,
 - ii) All ARRA funds associated with the award have been invoiced and received,
 - iii) No additional jobs will be funded, and
 - iv) The project status is complete per the grantor's requirements.
 - d) Under ARRA, a grant is also considered complete if:
 - i) The award period has ended, or
 - ii) The award has been terminated or cancelled.

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- e) When a grant is completed, it must be closed out by the reporting date following the quarter in which the grant is considered complete (e.g., if a grant is considered complete in February, it must be closed by the end of April). Closing out an ARRA grant involves four steps:
- i) An email to be sent to the GAO indicating that the ARRA grant is being closed out and that the appropriate entries have been made in CGRS indicating that fact. This email should contain a certification to the effect that all the requirements for the grant to be considered complete have been met.
 - ii) If the funds expended amount in CGRS is less than the award amount, the prime recipient must request a GAN from the Federal grantor adjusting the award amount. Upon receipt of the GAN, the adjusted award amount is to be entered into CGRS.
 - iii) The agency ARRA contact must log into CGRS and indicate, by checking the appropriate boxes, that:
 - (1) The information being entered or that has been most recently entered is a “Final Report,” and
 - (2) The grant project has been fully completed.
 - iv) Whatever additional processes the agency normally undertakes, in concert with Federal guidance, to close out a grant.
- f) It is imperative that an ARRA grant is, indeed, completed before closing it out and issuing a final report. If, for any reason, a prime recipient marked a report as a final report before the grant was completed, the prime recipient’s ARRA contact must immediately notify the GAO by email.
- g) Once a grant is completed, Section 1512 Reporting may be discontinued. When the Federal grantor determines a record is correctly marked as a final report, the prime recipient is relieved of further Section 1512 Reporting with respect to that grant. Failure to file a final report constitutes non-compliance with OMB guidelines.
- h) In instances where an award is cancelled, no funds were received or invoiced, and the funds are rescinded, the prime recipient is to notify the GAO by email. The GAO will work with the State agency and the Federal grantor to close out the grant and file a final report.

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- i) Prime recipients are required to track projects to ensure on-time completion. If it appears that a project funded by the grant will not be complete by the grant end date, the prime recipient is to notify the the GAO of that fact by email not later than six months before that grant end date.
- j) Non-ARRA funds associated with the project have no impact on marking a report as final.

ON-LINE AVAILABILITY

Copies of all Technical Bulletins and many GAO Forms are available for viewing and downloading from the General Accounting Office Website located at:

<http://www.gao.az.gov>

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CONTACTS

If you have any questions concerning this Technical Bulletin, please contact your GAO Liaison. You may also e-mail questions or comments concerning State policy and procedure to us at:

gaopolicy@azdoa.gov